



For Immediate Release  
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**Floor Statement of Senator Max Baucus (D-Mont.)  
Regarding Housing Tax Provisions  
(as prepared)**

Mr. President, Dickens wrote:

“Home is a name, a word,  
it is a strong one;  
stronger than magician ever spoke,  
or spirit ever answered to,  
in the strongest conjuration.”

Mr. President, simply put, we are here today to help families to keep their homes.

We are here today to move a package of tax provisions that will help those families to keep their homes. Our package does so with tax relief for homeowners, for homebuyers, and for homebuilders. We are offering this Finance Committee tax package as part of the consensus amendment being assembled by the two Leaders and Senators Dodd and Shelby.

Today, many American families find that their home is threatened. A weak housing market has spread weakness throughout the larger economy. More than five million households now owe more than their house is worth. That’s about one out of every ten home mortgages. And as home prices fall, that number is expected to grow.

Our tax package seeks to stabilize the housing market by providing temporary, targeted, and timely tax relief for the housing market.

We have developed a consensus package that is limited to four provisions. These provisions focus solely on our ailing housing sector.

The Finance Committee passed the first two provisions earlier this year, as part of the economic stimulus package.

First, our package increases the number of mortgage revenue bonds. Mortgage revenue bonds are tax-exempt bonds issued by state and local housing finance agencies. With the proceeds, those agencies can extend mortgages to homebuyers at interest rates below the market rate.

*--2 more--*

This will help homeowners to avoid foreclosure. And it will increase first-time home purchases.

Mr. President, the subprime and affordable mortgage markets have virtually collapsed. As a result, demand for mortgages financed by housing finance agencies is increasing.

State housing agencies can respond immediately to growing risks of foreclosure. These agencies can issue more mortgage revenue bonds. That can provide states the option to refinance subprime mortgages. And additional mortgage revenue bonds can help clear out the glut of existing homes on the market through first-time home purchases.

Our proposal includes a second provision that the Finance Committee passed earlier this year. And that's extending the carry-back period for net operating losses — or NOLs — from two years to four years.

Generally, cyclical businesses have profitable years, followed by loss years. During a loss period, a company will carry back the net operating losses from the loss years to the prior profitable years. They will file a quick refund claim. The quick refund claim will act as a cash infusion that can allow a company to survive a loss period.

The housing industry, in particular, would greatly benefit from an increased NOL carry-back period. The expanded period would allow builders to avoid selling land and houses at distressed prices. And it would enable less-costly financing.

An increased NOL carry-back period would improve business conditions for the eventual return of the housing market. And the expanded period would give the housing industry cash to meet payroll. And that would limit additional job losses.

Third, our proposal provides broad-based tax relief for low-income individuals and those who have already paid off their mortgages. Under our proposal, homeowners would be allowed to deduct local real estate property taxes from their Federal tax return, even if they don't itemize. According to the Joint Committee on Taxation, more than 28 million taxpayers pay property taxes but don't itemize.

Our proposal would provide these 28 million taxpayers a deduction for the amount of their property taxes, capped at \$500 for individuals and \$1,000 for married filers.

Most often, non-itemizers are low- or middle-income people. Our proposal would also benefit those who are not likely to itemize because they have already paid off their mortgages. Senior citizens would benefit.

***--1 more--***

The Congressional Research Service estimates that nearly 130,000 property tax payers could benefit in my home state of Montana alone.

Fourth, our package provides a homeownership tax credit for purchases of homes subject to foreclosure. Behind each foreclosed property is a family kicked to the curb. And the suffering does not end there.

Foreclosed and vacant homes are a blight on the neighborhood. They drag home prices down. They are targets for vandalism and burglaries. Congress should encourage people to purchase these properties. And that will help to stabilize home prices and get the housing industry back on track.

Our proposal provides a one-time credit for taxpayers of \$7,000. The credit would be claimed over two years. And the home purchase would have to be made in the following 12 months. The short-term nature of this credit is critical to providing immediate stimulus. And it also ensures that we do not over-subsidize the housing industry or exacerbate the current oversupply of residential homes.

This focused package of four proposals will go far to address the housing downturn and economic weakness in our country. I am proud that we could come together on it. And I hope that the Senate can pass it into law expeditiously.

A lot of irresponsible actions led to the housing crisis. But now a lot of responsible homeowners, homebuyers, and homebuilders are caught up in it. Tax relief and mortgage help for folks who are playing by the rules in the housing market is the right thing for Congress to do.

The tax provisions in this package will keep property values up, keep folks in their homes, and keep businesses afloat. And those are all keys to handling the housing crisis.

And so, in sum, this is an effort to provide tax relief for homeowners, homebuyers, and homebuilders. This is an attempt to help families to keep their homes. And this is an effort to preserve an important word, stronger than any magician ever spoke, or any spirit ever answered to — the word called “home.”

I urge my Colleagues to support the package.

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